



INVESTIGATIVE REPORT

Lori Torres, Inspector General

OFFICE: INDIANA DEPARTMENT OF HOMELAND SECURITY (IDHS)
TITLE: IDHS NEPOTISM
CASE ID: 2016-06-0124
DATE: September 18, 2017

Inspector General Staff Attorney Stephanie Mullaney and Chief Legal Counsel, Tiffany Mulligan, after an investigation by Director of Investigations, Darrell D. Boehmer, report as follows:

The Indiana General Assembly charged the Office of Inspector General (OIG) with addressing fraud, waste, abuse, and wrongdoing in the executive branch of state government. IC 4-2-7-2(b). The OIG also investigates criminal activity and ethics violations by state workers. IC 4-2-7-3.

I. Complaints

In June 2016, a staff attorney and former Ethics Officer from the Indiana Department of Homeland Security (IDHS) contacted the OIG with general questions about a potential nepotism issue at IDHS. The IDHS General Counsel and current Ethics Officer at that time, Jonathan Whitham (Whitham), followed up with the OIG on the matter on June 23, 2016. He explained that a division director had a relative working in her division and within her direct line of supervision but that IDHS had resolved the issue by moving the relative to another division at IDHS that was not within the division director's direct line of supervision. He did not provide additional details to the OIG at that time. On July 25, 2016, Whitham contacted the OIG again about this matter. This time, he explained that the division director involved was Leann Walton (Walton), the Chief Financial Officer (CFO) at IDHS. In this email, Whitham explained that in

addition to the relative that he had previously emailed the OIG about, he discovered that Walton had also hired her aunt to work within her division.

In addition to these communications with IDHS, the OIG received over a dozen hotline and mailed-in complaints requesting an investigation of Walton. These complaints alleged nepotism issues and other concerns outside of the OIG's jurisdiction.

II. Investigation

Director Boehmer conducted an investigation on the nepotism allegations. During his investigation, Director Boehmer interviewed several current and former IDHS employees as well employees from the State's vendor for temporary clerical services, Knowledge Services/KHI Solutions, Inc. (hereinafter referred to as "Knowledge Services"). Director Boehmer also obtained and reviewed personnel files, emails, and financial records.

In addition to the investigation conducted by Director Boehmer, the State Personnel Department (SPD) conducted a separate investigation into various employee relations issues at IDHS, some of which pertained to Walton. SPD issued a report on its investigation on August 4, 2016, and SPD provided a copy of its Investigation Report to the OIG. Director Boehmer reviewed the SPD Investigation Report and interviewed SPD staff as part of his investigation as well.

Director Boehmer learned that Walton worked as the CFO at IDHS from August 6, 2012, until she was terminated on August 8, 2016. As the CFO, Walton was the head of the IDHS Office of Administration and Finance. At the time of Walton's employment at IDHS, the IDHS Office of Administration and Finance consisted of approximately twenty-five employees working in two major areas: Fiscal (Finance) and Grants Management.

In the Spring of 2016, IDHS had openings for positions in both the Finance and Grants Management sections of Walton's office. Director Boehmer's investigation found that IDHS utilized the State's contract with Knowledge Services for temporary clerical services to fill many of these openings. Director Boehmer obtained information about the Knowledge Services onboarding process by interviewing staff from Knowledge Services and by reviewing the State's contract with Knowledge Services.

Through a review of the State's contract with Knowledge Services and interviews with Knowledge Services staff, Director Boehmer learned that state agencies may select candidates to fill temporary open positions within the agency by either selecting from candidates who applied to a job posting that the agency provided to Knowledge Services or by pre-selecting a candidate themselves and then sending the candidate's information to Knowledge Services. The pre-selection process is referred to as the "SRP Process." Under either process, the state agency ultimately selects the individual to fill the position within the agency. The selected individuals become employees of Knowledge Services, but they are assigned to work at state agencies under the direction of state agency managers. Director Boehmer also learned that the Knowledge Services employees who are hired to fill state positions are given office space within the state agency along with a state email address.

A. Hiring of Walton's Relatives

Director Boehmer's investigation found that Walton utilized the State's contract with Knowledge Services to hire three of her relatives: her aunt, Patricia Burdine (Burdine), who worked as a receptionist within the Grants Section of Walton's Office; her stepdaughter, Ashley Walton (Ashley), who worked as a clerical assistant in the IDHS Office of the State Fire

Marshal; and her sister, Lisa Hunt (Hunt), who worked as a Procurement Accountant within the Finance Section of Walton's Office.

1. Walton's Aunt, Patricia Burdine

Through interviews with IDHS staff and review of emails, Director Boehmer learned that the IDHS Grants Manager, Kim Snyder (Snyder), interviewed Walton's aunt, Burdine, in March 2016 after Walton emailed Snyder a copy of Burdine's resume. In addition to sending a copy of the resume in the email, Walton included the following background information about Burdine:

"I believe her experience with office reception may not show on this resume. She does have customer service skills and I think you can at least have that conversation." Snyder stated that this was the only resume she received for the receptionist position, and after she interviewed Burdine, she agreed to select her for the position. Snyder did not interview anyone else for the position at that time. At the time of the interview and selection of Burdine, Snyder was not aware of the relationship between Burdine and Walton.

Director Boehmer obtained emails between Walton and Stephanie McClure (McClure), a Knowledge Services employee, where he found that IDHS used the SRP process to select Burdine and that Walton was the one who notified McClure of the selection of Burdine for a receptionist position within Walton's Office. The emails regarding Burdine's selection between Walton and McClure also show that Walton requested two hourly pay rate increases for Burdine before ultimately approving Burdine's pay rate via email. McClure was not aware of the relationship between Burdine and Walton at the time of these emails.

2. Walton's Stepdaughter, Ashley Walton

Through interviews with IDHS staff and review of emails, Director Boehmer learned that Walton provided a copy of her stepdaughter Ashley's resume to Jim Greeson, the Indiana State

Fire Marshal. After receiving the resume from Walton, Jim Greeson and another employee at the State Fire Marshal's office interviewed Ashley for a clerical position and agreed to select her.

Director Boehmer also obtained emails between Walton and McClure, where he found that IDHS used the SRP process to select Ashley and that Walton was the one who notified McClure of Ashley's selection to fill a position at the Fire Marshal's office. These emails also show that Walton communicated a change in position for Ashley immediately after she emailed McClure to notify her of Ashley's initial selection. The change in position resulted in a higher pay rate for Ashley. These emails also show that Walton ultimately approved Ashley's pay rate. McClure was not aware of the relationship between Walton and Ashley at the time of these emails.

3. Walton's Sister, Lisa Hunt

Through interviews with IDHS staff and review of emails, Director Boehmer learned that Walton recommended her sister, Hunt, to the IDHS Controller, Beth Hampshire (Hampshire), stating that Hunt would be a great fit to fill a vacant grants compliance or procurement accountant position with Walton's Office. After receiving this recommendation from Walton, Hampshire agreed to interview Hunt for one of these positions. Because Walton had Hunt's telephone number, Walton and Hampshire called Hunt together, and Hampshire interviewed Hunt over the phone. Hampshire was not aware of the relationship between Hunt and Walton during the telephone interview.

Director Boehmer obtained emails between Walton and McClure, where he found that IDHS used the SRP process to select Hunt. These emails also revealed that Walton was the one who notified McClure of Hunt's selection for a procurement accountant position and stated what Hunt's pay rate should be. Director Boehmer also found emails from Walton to McClure where

Walton provided additional information about Hunt's selection, stating that "[Hunt] will work 37.5 hours per week and it will last through December maybe longer. This will depend on the allow ability [sic] of us to hire full time. If she is successful then we would look at bringing her on permanent." McClure was not aware of the relationship between Hunt and Walton at the time of these emails.

B. Relatives in Walton's Direct Line of Supervision

Director Boehmer's investigation also found that Walton's aunt, Burdine, and Walton's sister, Hunt, were placed into positions within Walton's direct line of supervision. Director Boehmer found that Burdine was placed in a Receptionist position in the Grants Section of the IDHS Office of Administration and Finance and that Hunt was initially placed in a Procurement Accountant position in the Finance Section of the IDHS Office of Administration and Finance. As the CFO, Walton was the head of the Office of the Administration and Finance, and both areas within the Office reported up to Walton as the CFO.

1. Walton's Aunt, Patricia Burdine

Through interviews of IDHS staff and a review of emails, Director Boehmer found that Burdine started working as a receptionist in the Grants Section of Walton's Office on April 18, 2016. Burdine directly reported to Snyder, the IDHS Grants Manager. Snyder directly reported to the IDHS Controller, Hampshire, who directly reported to Walton as the CFO. During the public hearing on this matter, Snyder stated that the front reception area where Burdine worked needed to be covered at all times of the day, including during times when Burdine would take lunch or another break. Snyder provided that the additional coverage of the front reception area often resulted in disputes among IDHS staff and that Walton would often side with Burdine about coverage issues.

Director Boehmer also obtained emails between Walton and McClure from July 2016, where he found that Walton was the one who notified McClure that IDHS planned to move Burdine into another position within Walton's Office that was higher pay than Burdine's receptionist position. These emails show Walton telling McClure that Burdine's new position would be an "AR Accountant" and that Walton would be the one to send McClure a job description for Burdine's new position.

The OIG also received copies of text messages between Walton and Hampshire regarding Burdine from July 21, 2016. In this text message exchange, Hampshire told Walton that Whitham had asked her if Burdine was related to Walton. Walton responded to Hampshire via text message and stated if that Burdine had told people that she and Walton were related, then Hampshire or Knowledge Services should tell her that she no longer has a job and that Walton could no longer help her.

2. Walton's Sister, Lisa Hunt

Through interviews of IDHS staff and review of emails, Director Boehmer found that Hunt began to work at IDHS as a Procurement Accountant on May 2, 2016, and that this position was part of the Finance section of Walton's office. Director Boehmer obtained emails between McClure and Hunt where McClure told Hunt that her start date as a Knowledge Services employee working at the State was May 2, 2016, and that Hunt should ask for Walton when she arrives on her first day. Director Boehmer also obtained an email that Walton had sent to various IDHS staff containing a spreadsheet of Knowledge Services employees filling positions at IDHS. In the spreadsheet, Walton was listed as Hunt's program manager.

In an interview with an IDHS employee at that time, Amanda McAllister (McAllister), Director Boehmer learned that McAllister worked in the Finance Section of Walton's Office and

that McAllister was to be Hunt's time approver in the Knowledge Services time management system. McAllister directly reported to Hampshire, the IDHS Controller. Hampshire reported directly to Walton. At the public hearing, McAllister provided that despite the fact that Hunt worked in the Finance section for over a month, she only approved Hunt's time once. McAllister indicated that she logged into the time management system multiple times to find that Walton had already approved Hunt's time. McAllister was unaware of the relationship between Walton and Hunt at the time Hunt worked in the Finance section. McAllister further provided that Hunt told her that Hunt knew Walton because they had gone to school together.

Director Boehmer also obtained an email from Walton to McClure where he found that Walton notified McClure that Hunt was moving to the Division of Training and Preparedness at IDHS, where Hunt would work for Brandon Wood (Wood). Wood told the OIG in an interview that he received a phone call from Walton on or about June 18, 2016, where Walton stated that other IDHS staff learned that Hunt was her sister and that Walton needed to move Hunt to another division at IDHS as a result. Walton asked Wood if he had any open positions that Hunt could fill. Wood agreed that Hunt could fill an open administrative position in his division.

III. Ethics Complaint

On October 13, 2016, the OIG filed an ethics complaint against Walton alleging that (1) she violated Ind. Code § 4-2-6-16(c) when she hired her aunt, Burdine, to work as a receptionist with the Grants Section of the IDHS Office of Administration and Finance; when Walton hired her stepdaughter, Ashley, to work in the Office of the State Fire Marshal at IDHS; and when Walton hired her sister, Hunt, to work as a Procurement Accountant in the Finance Section of the IDHS Office of Administration and Finance; and (2) Walton violated Ind. Code § 4-2-6-16(f) when Walton's aunt, Burdine, was placed in Walton's direct line of supervision after Burdine

started a position in the Grants Section of Walton's Office, and when Walton's sister, Hunt, was placed in Walton's direct line of supervision after Hunt started a position in the Finance Section of Walton's Office. The Indiana State Ethics Commission (Commission) found probable cause to support this complaint on October 13, 2016.

The Commission held a public hearing on the complaint on August 10, 2017. The Commission found that Walton violated Ind. Code § 4-2-6-16 (c) when she hired her aunt, sister, and stepdaughter and violated Ind. Code § 4-2-6-16 (f) when her aunt, sister, and stepdaughter were placed in her direct line of supervision. The Commission determined that the appropriate sanction was to bar Walton from future employment with the State of Indiana. Accordingly, this investigation is closed.

Dated: September 18, 2017

APPROVED BY:

A handwritten signature in black ink that reads "Lori Torres". The signature is written in a cursive style with a long horizontal stroke at the end.

Lori Torres, Inspector General